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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES

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RUSSEL S. NAGATA
COMPTROLLER

JAMES H. YASUDA
DEPUTY COMPTROLLER

October 26, 1990

COMPTROLLER'S MEMORANDUM NO. 1990-24

TO: Heads of Departments
ATTN.: Personnel/Payroll Offices
FROM: Russel S. Nagata, Comptroller
SUBJECT: Calculation of Statutory Dues for HGEA

Generally, the calculation of statutory dues (SD) in the State's payroll system is automated and is performed as part of the semi-monthly processing of payrolls. In cases of revisions or other changes, however, the calculation is manually performed by the personnel or payroll staff in your department assigned that responsibility.

In connection with that calculation responsibility, we are forwarding to your department a copy of HGEA's letter dated October 2, 1990, which includes detailed instructional information on the SD calculation.

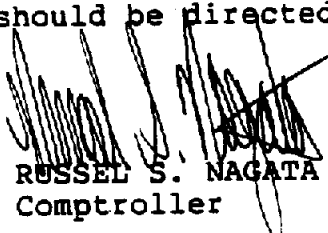
It is important that the SD calculations be made uniformly. We have been advised by HGEA that various errors and other differences have occurred in the way SD calculations are made. For example, some departments have not applied the Full Time Equivalent (FTE) percentage correctly; in other cases departments have made their calculation under the wrong bargaining unit (BU) code. The attached information should be helpful to your department in avoiding such errors.

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In one area of calculation, however, the State does not follow the pattern described in the attached information; that area of calculation is the inclusion of certain differentials in the basic rate of pay on which the SD calculation is based. HGEA's instructions include the differentials in the basic rate; however, because of the State's automation of the calculation based on the basic rate approved on an employee's Form 5 (which does not include the differentials in question), we have taken the position with HGEA in the past that our automated calculation will not be made on the basis of including the differentials in the basic rate. Your department must keep this exception in mind as it reviews the attached information from HGEA.

For your information, the State and HGEA have been working on a project for some months that would result in HGEA's performing the SD calculations and providing the State with the calculated amounts to be deducted in semi-monthly payrolls. HGEA (or any other exclusive representative) has full statutory authority under Chapter 89, H.R.S., to determine and specify the SD amount; our calculations of SD in the past have been performed as an accommodation that was feasible under the existing payroll system. Since the inclusion of differentials is not easily accomplished under the existing payroll system, we have supported the current project to have HGEA make the SD calculations. As the project approaches implementation, we will keep all departments advised on it.

If your personnel or payroll staff have any questions on the calculation formula for HGEA's statutory dues, they may contact our Central Payroll staff. Other questions on the enclosure should be directed to HGEA.

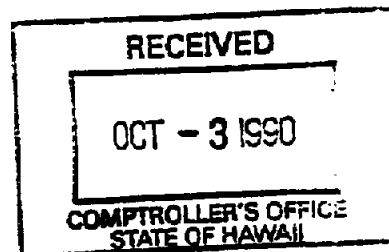


RUSSEL S. NAGATA
Comptroller

Attachment

October 2, 1990

Mr. Russel S. Nagata
Comptroller
DAGS
1151 Punchbowl Street, Rm. 412
Honolulu, HI 96813




Dear Mr. Nagata:

As the exclusive representative for collective bargaining units 02, 03, 04, 06, 08, 09, and 13, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO has developed the enclosed procedures and worksheet that standardizes the method by which statutory dues shall be calculated by the respective public employers. These procedures are being sent to the finance departments of all employer jurisdictions.

It is requested that the procedures be implemented effective for the payroll period beginning November 1, 1990. Your cooperation in notifying all departmental payroll sections of the procedures and implementation date will be greatly appreciated.

Should you have any questions, please call Mr. Michael Miller of my staff at 543-0015.

Sincerely,



Will Miyake
Executive Assistant



HGEA/AFSCME STATUTORY DUES CALCULATION PROCEDURE

The following procedures were developed to standardize the method by which statutory dues shall be calculated by the respective public employers. The procedures address five specific categories related to the administration of statutory dues. The categories are: 1) Who shall be assessed statutory dues?, 2) How shall statutory dues be calculated?, 3) When shall statutory dues deductions take effect?, 4) When shall statutory dues deductions terminate?, and 5) When shall retroactive statutory dues be deducted?

1. WHO SHALL BE ASSESSED STATUTORY DUES?

The test for determining who shall be assessed statutory dues (SD) shall be whether the employee is "in the bargaining unit", i.e., the employee is included in a bargaining unit exclusively represented by HGEA/AFSCME, and whether the employee is "on the payroll" of a public employer as defined in Section 89-2, HRS.

Section 89-6(a), HRS provides that all employees throughout the State shall be included in an appropriate bargaining unit with the exception of those excluded from collective bargaining in accordance with Section 89-6(c).

Section 89-6(c) specifies two categories of exclusions from collective bargaining which have been misinterpreted in the past and require more detail explanation. These involve: "Part-time employees working less than twenty hours per week" and "Temporary employees of three months' duration or less".

The phrase: "Part-time employee working less than twenty hours per week" applies to any employee whose normal full time equivalence is less than 50% of full time employment of forty hours per week. Intermittent changes in the number of hours worked per week do not affect the inclusion or exclusion status of the employee.

The phrase: "Temporary employee of three months' duration or less" applies to any employee whose appointment to a position is for a specific duration of three months' or less, i.e., one discrete period of time, with a break in service of at least one day between each appointment. A separate personnel action must be taken for each appointment. Continuous employment of the same employee in the same position without a termination of employment action and a new appointment action cannot be defined as an exclusion from collective bargaining in accordance with Section 89-6(c), HRS.

All changes in bargaining unit composition must receive the approval of the Hawaii Labor Relations Board in order to be effective. In addition, the effective date of any bargaining unit change shall be the date the decision is made with no retroactive application attached. This applies to all types of changes in unit determination, including making corrections to erroneous unit determinations. In the case of a personnel action, the effective date shall not precede the date the notification of personnel action form is signed by the director of personnel/civil service for the respective jurisdiction.

2. HOW SHALL STATUTORY DUES BE CALCULATED?

For employees in the appropriate bargaining units and on the payroll, the statutory dues of all member and nonmember employees shall be the sum of the following:

- a) a percent amount consisting of 0.8% (0.008) multiplied by the total monthly compensation,
- b) plus a flat rate amount consisting of the per capita statutory dues paid to AFSCME and the Hawaii State AFL-CIO.

The total statutory dues amount is based on the regular full time equivalence of the employee for a regular forty hour work week. Both the percentage and the flat rate are subject to change. [Note: the flat rate may change each year in January.]

The total monthly compensation consists of the basic rate of pay assigned to the salary range or equivalent and step, taken from the appropriate salary schedule for the bargaining unit of the employee or the actual rate of compensation for positions not assigned to a salary range in a salary schedule, plus any shortage differential, compression differential, related differential, temporary differential, salary adjustment differential, retention differential, and permanent differential pay amounts received by the employee each month. Employees paid on an hourly basis shall have the hourly amount converted to monthly to determine the monthly basic rate of pay.

The flat rate (AFSCME/AFL-CIO per capita) is currently \$5.40 per month for employees whose regular full time equivalence is greater than 50% of full time employment based on a regular forty hour work week. The flat rate (AFSCME/AFL-CIO per capita) is currently \$4.15 per month for employees whose regular full time equivalence is equal to exactly 50% of full time employment based on a regular forty hour work week.

3. WHEN SHALL STATUTORY DUES DEDUCTIONS TAKE EFFECT?

Any employee in the appropriate bargaining unit who earned compensation during any payroll period (1st to 15th or 16th to end of month) shall be assessed one half of the total monthly statutory dues for that payroll period.

Provided that the employee is in the bargaining unit, statutory dues shall be assessed for each payroll period including any portion thereof in which the employee was on the payroll. Statutory dues shall not be calculated on a pro rata basis for any period less than a full payroll period. In other words, if an employee is on the payroll for only one day during the payroll period, the employee shall be assessed full dues for the entire pay period. Dues shall not be assessed for any payroll period during which a bargaining unit employee is on leave of absence without pay for the entire payroll period.

Statutory dues shall take effect for the payroll period in which the date of one of the following actions has occurred:

- a) the employee is appointed to a position included in a bargaining unit exclusively represented by HGEA/AFSCME;
- b) the position is changed from a bargaining unit not represented by HGEA/AFSCME to one exclusively represented by HGEA/AFSCME by decision of the Hawaii Labor Relations Board or by action of the public employer;
- c) the position which is excluded from collective bargaining in accordance with Section 89-6(c) becomes included in a bargaining unit exclusively represented by HGEA/AFSCME by decision of the Hawaii Labor Relations Board or by action of the public employer; or
- d) the employee's compensation is adjusted as a result of a increment or longevity pay increase, negotiated wage increase, changeover to a new pay schedule, repricing, promotion, demotion, transfer, reallocation, reclassification, or any other personnel action taken by the employer affecting compensation.

4. WHEN SHALL STATUTORY DUES DEDUCTIONS TERMINATE?

Statutory dues shall terminate immediately **AFTER** the last payroll period for which the employee was "on the payroll" and in which the date of one of the following actions has occurred:

- a) the employee is separated from public employment;
- b) the position is changed from a bargaining unit exclusively represented by HGEA/AFSCME to one not represented by HGEA/AFSCME by decision of the Hawaii Labor Relations Board or by action of the public employer in accordance with Section 89-6(a), HRS; or
- c) the position is excluded from collective bargaining by decision of the Hawaii Labor Relations Board or by action of the public employer in accordance with Section 89-6(c), HRS.

Statutory dues shall not be deducted for a lump sum payment made in lieu of the employee's vacation allowance in accordance with Section 79-7, HRS following the date of separation from employment. However, should the date of such separation from employment be fixed so as to permit the employee to take the leave, statutory dues shall be deducted for the period that the employee is on leave with pay.

5. WHEN SHALL RETROACTIVE STATUTORY DUES BE DEDUCTED?

The public employer shall provide the union with complete, accurate, current, and timely information concerning personnel actions which affect the employee's bargaining unit status, employment status, or compensation which is subject to statutory dues. These procedures are subject to change depending upon the volume of erroneous retroactive personnel actions made by the employers.

Retroactive dues deductions shall be made only for payroll periods in which the employee was "in the bargaining unit" and "on the payroll", and in which **NO** statutory dues were deducted;

Some specific examples are as follows:

- a) The payroll period in which an initial appointment has occurred and all subsequent payroll periods in which no statutory dues were deducted;
- b) The payroll period in which an employee has returned from leave of absence without pay and all subsequent payroll periods in which no statutory dues were deducted;

- c) The payroll period in which a personnel action affecting the employee's employment and/or compensation was rescinded and all subsequent payroll periods in which no statutory dues were deducted. For example:

Should any employee included in a bargaining unit exclusively represented by HGEA/AFSCME be removed from the bargaining unit and/or taken off the payroll as a result of a personnel action taken on the part of the public employer, which stopped or reduced the amount of statutory dues that the union would otherwise have been entitled to, and should said personnel action be subsequently repealed, revoked, rescinded or abrogated and the employee is placed back "in the bargaining unit" and "on the payroll" retroactive to the date of said action, then the public employer shall deduct from the payroll of the employee the appropriate amount of statutory dues that the union would have been entitled to retroactive to the date of the original action and remit the amount to the union.

Retroactive dues adjustments, i.e., increases, decreases or refunds of statutory dues shall **NOT** be made for payroll periods in which the employer has taken a retroactive personnel action.

HGEA/AFSCME STATUTORY DUES CALCULATION WORKSHEET

The test for determining who shall be assessed statutory dues (SD) shall be whether the employee is "in the bargaining unit", i.e., the employee is included in a bargaining unit exclusively represented by HGEA/AFSCME, and whether the employee is "on the payroll" of a public employer as defined in Section 89-2, HRS.

1. **DETERMINE THAT THE EMPLOYEE IS "IN THE BARGAINING UNIT" EXCLUSIVELY REPRESENTED BY HGEA/AFSCME**
(02, 03, 04, 06, 08, 09, or 13)..... _____
2. **DETERMINE THAT THE EMPLOYEE IS "ON THE PAYROLL"** Yes/No
3. **CALCULATE ALL COMPENSATION ADJUSTMENTS** that affect the basic rate of pay resulting from personnel actions which are scheduled to take effect on or prior to the payroll ending date (15th or last day of the month) and enter the new monthly basic rate of pay on line 4 before calculating the statutory dues.
4. **MONTHLY BASIC RATE OF PAY** _____

If the employee is paid hourly, convert to monthly salary as follows and enter on line 4:

_____	(multiplied by) 2,080 hours (divided by) 12 months =	_____
Hourly Rate	per year	per year Monthly Rate

5. **MONTHLY DIFFERENTIAL PAY AMOUNTS** _____

Add the following monthly differential pay amounts received by the employee and enter the total on line 5:

Shortage	_____	Salary Adjustment	_____
Compression	_____	Retention	_____
Related	_____	Permanent	_____
Temporary	_____		

6. **TOTAL MONTHLY COMPENSATION (Subject to Dues)** _____

Add the monthly basic rate of pay (from line 4) and the total monthly differential pay (from line 5) and enter the total on line 6.

7. CALCULATE THE HGEA STATUTORY DUES (Subject to Change) _____

Total monthly compensation (from line 6) (multiplied by) .008 (multiplied by) the FTE % = HGEA dues and enter the amount on line 7. The Full Time Equivalence (FTE) is the percent of regular full time employment based on a regular forty hour work week. If the FTE is less than 50%, the employee is excluded from collective bargaining.

8. CALCULATE THE AFSCME/AFL-CIO STATUTORY PER CAPITA DUES (Subject to Change) _____

Select the appropriate per capita amount (below) based on the FTE of the employee and enter on line 8.

FTE greater than 50% \$5.40 FTE exactly equal to 50% \$4.15

9. TOTAL MONTHLY STATUTORY DUES _____

Add the HGEA Statutory Dues (line 7) and the AFSCME/AFL-CIO Per Capita (line 8) and enter on line 9.

10. TOTAL SEMI-MONTHLY STATUTORY DUES _____

Divide the total monthly statutory dues (line 9) by 2 and enter on line 10. This amount shall be deducted from the payroll of every member and nonmember employee in the appropriate bargaining unit who is on the payroll of the respective public employer and be remitted to HGEA/AFSCME.